

## FINANCE REPORT FOR FINANCE STEERING GROUP, SENIOR MANAGEMENT TEAM AND EXECUTIVE TEAM DISCUSSION

# January 2016

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### **GENERAL POINTS**

The budget has been updated to reflect the changes agreed at the Finance Steering group in December. This results in a full year budget surplus of £694k down from £737k.

### **FINANCIAL OVERVIEW & KEY RISK AREAS**

#### **DP Income**

Year to date DP income is £14.9m, £123k under budget which is within 1% of the YTD budget. This is a comfortable position to be in and within target of our £18M full year budget. Our final position at year end is forecast to be a surplus so an under-recovery of fees serves only to reduce this surplus or absorb under spend in other areas.

#### **FOI Grant in Aid (GIA)**

DCMS has now confirmed that for 2015/16, we will be receiving Grant in Aid of £3.75m, rather than the forecasted reduced GIA of £3.7m. This has been reflected in the full year forecast less the administration fine of £18.4k previously discussed in the December report. Our final tranche of GIA for the year has now been received.

#### **Cash Underspend**

We currently forecast underspend against our budgeted income of circa £694k after reflecting the following additional activities:

#### **Planned activity:**

- Enforcement co-operation event on 21 and 22 March
- Functional Review of Regulators – “Regulatory Futures”
- Some activity around new GDPR Regulation

#### **Staff and Recruitment**

Staff costs continue to underspend against budget but as anticipated the underspend has begun to narrow in the last month and is now £172k to date. This reflects costs of staff promotions not included in the original budget and the fact that we are now operating at close to full FTE complement (within 5.9 of budget). Changes to budget agreed at Finance Steering Group - transfer of underspend on salaries against overspends on training and recruitment arising from accelerated recruitment - have been reflected in this latest budget.

## **Capital Spend**

We have secured a fixed medium term (<5 years) capital budget with DCMS. The allocated IT project budget of £1.215m is due to spend to budget, however there is a small risk that the capital element of this expenditure may not spend the full allocated capital budget of £850k but rather an increased revenue spend. This is something that is reviewed at year end. Based on previous years and estimates that are reviewed monthly, this is considered to be a small risk.

## **Budget Version 2**

We have received e-mail confirmation of the BV2 budget, but are unlikely to get this in the form of a formal letter.

## **Movement of sponsorship from the MOJ to DCMS**

Report requests continue to arrive from MOJ and have started from DCMS. There are a number of reports that we have agreed with MOJ as being no longer due. Should anyone know otherwise please let Sally know and we will complete them:

- Consultancy spend 2015-16
- Procurement reporting template

To date we have received the following from DMCS:

- Monthly GIA returns – Jan complete Feb due 19/2 although all GIA now paid
- Focus on forecasts return – overdue (was late request)
- January workforce management information –due 22/2

The budget for 2016/17 has been agreed with DCMS, with a three year award for GIA of £3.75m

## **Purchase Management & Finance System**

With new staff in post we are beginning to get a feel of the work involved to resolve residual purchase management issues. Some of the issues are user training matters; others require the support of the developers. We will be organising further training and a review of the support agreement as soon as practical.

## **INCOME**

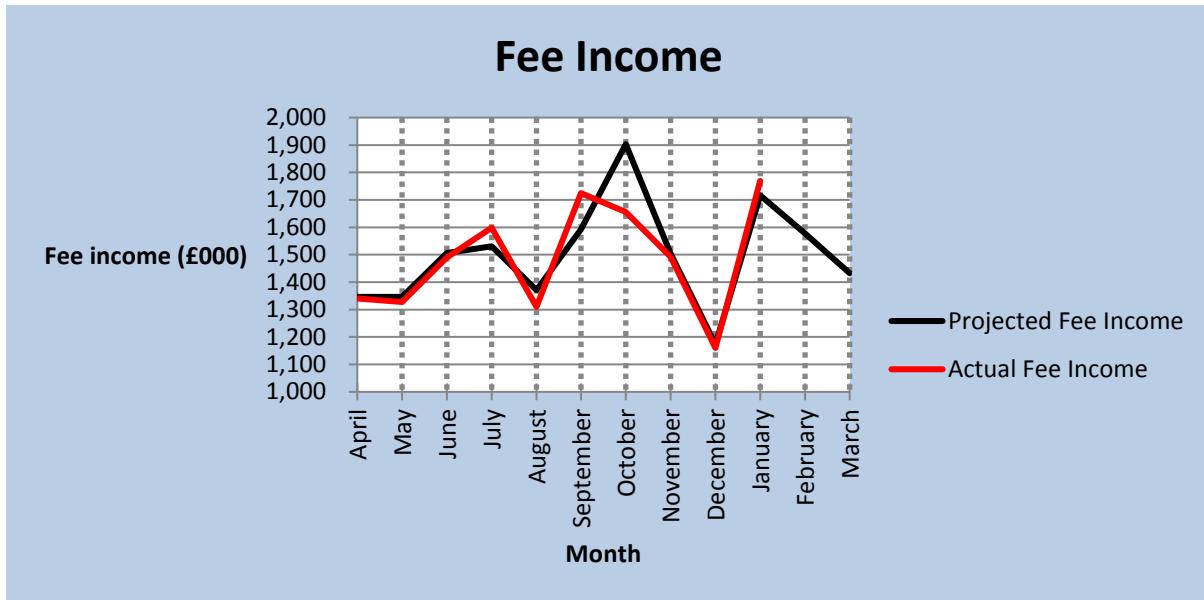
### **Grant-in-aid for freedom of information activities**

The grant-in-aid has now been fully paid for the year. In future, DCMS have expressed a preference to move to monthly drawdowns. This is expected to start in April 2016.

## **Data Protection fees processed**

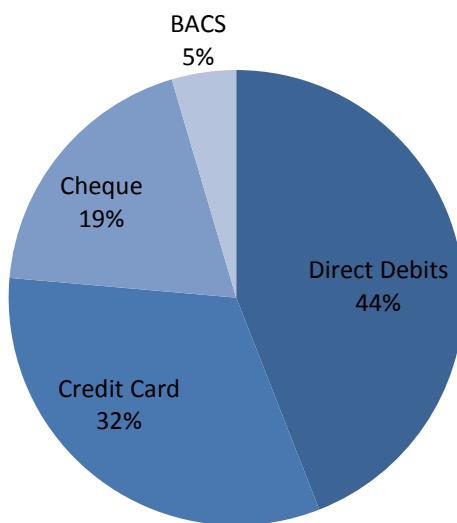
The chart below shows the actuals vs our current budget for the year 2015/16.

January income is £53k ahead of budget leaving us in a healthy position of within 1% of forecasted budget.

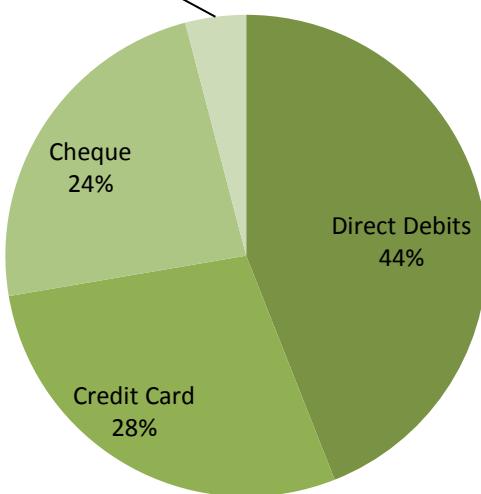


The year to date fee payment method split is shown below, showing a definite trend towards credit card payments ( $\uparrow 4\%$ ) and away from cheques ( $\downarrow 5\%$ ) from the average over 2014/15. Direct Debits remain consistent and BACS payments are up ( $\uparrow 1\%$ ).

### **2015/16 Year To Date**



### **2014/15 Full Year**



## **EXPENDITURE**

### **Spending controls**

The ICO is complying with the Cabinet Office Spending Controls Guidance v 4.0

<https://www.gov.uk/government/publications/cabinet-office-controls/cabinet-office-controls-guidance-version-40>

We are also required to obtain specific approval from our sponsor department DCMS for any IT or communications spend over £50k for individual projects. We will only be required to report spend over £50k not included in the original budget.

Approval has been requested for a new card payment supplier. This has been agreed by DCMS and is now with Cabinet Office for approval. Our current contract finishes in December 2016.

### **Total office costs**

Overall office costs are well within budget overall.

There are some over and under spends in individual categories. This is due, in part, to the new purchase management system. Items are now coded directly by budget holders rather than finance resulting increased costs against some lines. As an example, cleaning products would have previously been coded under general equipment, but are now coded as cleaning, resulting in an overspend on that budget line. This will lead us to a more accurate budget in future years but does present as an overspend in traditionally contract only areas such as cleaning, security and waste.

### **Total staff FTE report and costs**

Staff costs are £172k (1.4%) under budget for January (Dec: £252k). This reduction reflects the budget virements which have offset training and recruitment overspend in the period, rather than increased staff costs.

### **Training and Recruitment**

Total training and recruitment is over budget by £10k after the virement between staff costs and these headings.

### **IT Costs – Service Delivery & IT projects**

When looking across the entire IT service delivery and project spend, which are now managed as one budget , the overspend within service delivery and underspend within projects presents less of a risk than the numbers may suggest. Across both budgets of £2.8m year to date, actual spend of £2.7m represents underspend of 3.2% which is within our variance tolerance. It is expected that across both budgets, the total budget will be fully spent.

The challenge that this presents is in relation to the allocation of revenue and capital costs. This approach makes it more difficult to pick out capital costs across all budgets and to produce an accurate picture of capital expenditure for mid-year estimates. This work will be undertaken in the coming months with a final capital spend to be calculated in preparation for year end.

### **Communications Spend**

Due to the seasonal nature of the communications spend especially within campaigns, print and conferences we expect to see a deviation to the profiled budget. This will continue to improve as the months move on and we can profile more accurately. The main item of “overspend” is in fact under recovery of conference income – a timing issue – receipts are now coming in for the conferences taking place in March.

### **Banking, finance & audit costs**

Finance costs are in line with budget

### **Staff travel**

Overall staff travel is underspent by 16% of budget, potentially due to the decrease of executive travel following both deputy commissioners leaving in October and November and ongoing issues relating to the credit card bills being re-directed to the Ministry of Justice. Work is in hand to transfer the GPC card account as soon as practical to DCMS’s new system.

### **Legal, professional & other**

Legal & other costs are underspending by £116k, the majority of which is due to a £80k underspend on legal, £13k underspend on privacy seals and £19k on professional services. Legal and research budgets fluctuate based on caseload, but consistently spend to budget overall. A budget virement has been processed to enable the DP futures regulation project to begin.

Staff recognition budgets have been made available at £20pp for each department, total £8.7k. There is little spend to date, however this is expected to be spent within the year.

## **CAPITAL EXPENDITURE**

Across the IT project expenditure, approximately £350-£400k is estimated as capital in nature. This will be confirmed during a detailed capital review in the coming months.

## **Civil Monetary Penalties**

The current debtor of CMPs owed to the ICO as at 31 January 2015 is £973,080.

<i>B/f 2014-15</i>	<i>142,500</i>
Issued penalties gross	1,671,250
Issued penalty increase post appeal	-
Issued prompt payment discount	<u>(140,050)</u>
<b>Net</b>	<b>1,673,700</b>
 Paid	 (625,420)
Impaired	<u>(75,200)</u>
Balance	<b>973,080</b>

## **Prompt Payment Statistics**

As at December 2015:

Number Invoices April - December	2989	
Number invoices paid within 5 days	899	30%
Number invoices paid within 30 days	2862	96%
Number invoices paid greater 30 days	127	4%

**Simon Entwistle  
January 2015**